Chapter II - Of Notes, Bills and Cheques

Chapter in 2 minutes

- Classify the instrument, parties, amount, maturity, stamp and negotiation route before relying on payment or enforcement rights.
- Primary control: instrument-validity gate.
- Test writing, signature, unconditional promise/order, certainty, banker/drawee, payee, amount, stamp and maturity.
- Apply the exact current section text, amendment history and transaction evidence together.
- Do not confuse a negotiable instrument remedy with automatic proof of the underlying transaction.

Execution gates

- Legally enforceable transaction
- Instrument classification and stamp
- Authority/mandate and custody
- Presentation, return and notice clocks
- Evidence, forum and entity liability
- Settlement, accounting and retention

Provision/control map

Provision	Subject	Control
Section 4	Promissory note.	Do not treat an acknowledgement, IOU, contingent promise or unsigned ledger as a promissory note without testing every element.
Section 5	Bill of exchange.	Verify drawer, drawee, payee, acceptance, amount certainty, consideration, delivery and maturity.
Section 6	Cheque.	Reconcile physical/electronic image, date, payee, words/figures, crossing, signature mandate, account and bank-presentment channel.
Section 7	Drawer.	Identify trigger, parties, conditions, exceptions, consequence and linked sections before execution.
Section 8	Holder.	Identify trigger, parties, conditions, exceptions, consequence and linked sections before execution.
Section 9	Holder in due course.	Document acquisition date, value given, transferor identity, due-diligence and absence of notice of defect.
Section 10	Payment in due course.	Identify trigger, parties, conditions, exceptions, consequence and linked sections before execution.
Section 11	Inland instrument.	Identify trigger, parties, conditions, exceptions, consequence and linked sections before execution.
Section 12	Foreign instrument.	Identify trigger, parties, conditions, exceptions, consequence and linked sections before execution.
Section 13	Negotiable instrument.	Trace physical/electronic custody, endorsement wording, value, date and title defects.

Evidence file

Instrument/image; mandate; contract/invoice/delivery; ledger/bank/tax; presentment/return; notice/service; calculations; settlement/orders; source log.

Default response

Freeze timeline; verify debt and authority; preserve originals; validate bank memo; calculate statutory/civil clocks; decide cure, notice, settlement and filing.